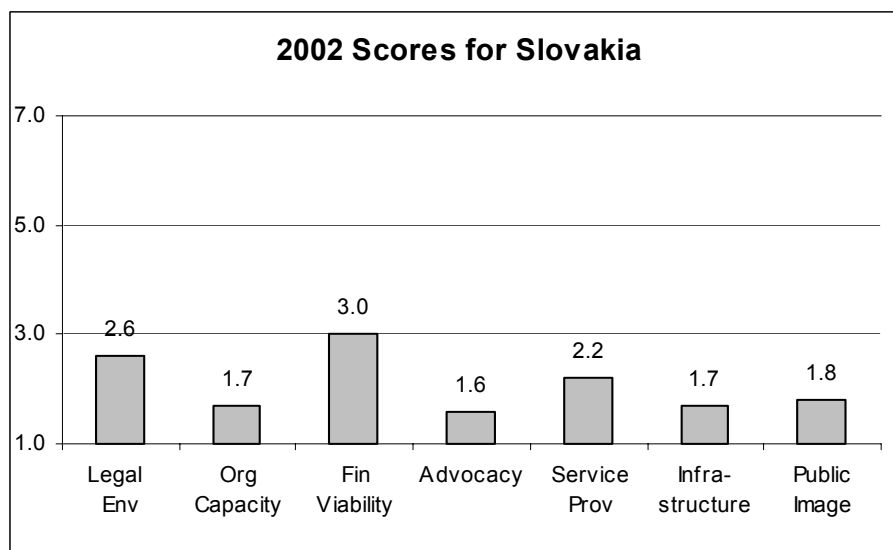


SLOVAKIA



Capital:
Bratislava

Polity:
Parliamentary
democracy

Population:
5,422,366

**GDP per capita
(PPP):** \$11,500

NGO SUSTAINABILITY: 2.1

NGO SUSTAINABILITY

2002 2.1
2001 1.9
2000 1.9
1999 2.1
1998 2.8

2002 was an important year for the continued social and political development of Slovakia, culminating in the Parliamentary elections in September. It was also

a year of intense preparation for accession to NATO and the European Union.

The number of NGOs in the Slovak Republic has increased to more than 20,000, including a wide variety of organizations such as grantmakers, service providers, watchdog groups, voluntary groups, mutual benefit organizations, sports clubs, and community initiatives. The most numerous group of NGOs are civic associations, which account for 95% of all registered NGOs. The remainder are foundations, non-investment funds, and non-profit organizations.

In 2002, NGOs provided a variety of services, including traditional social services which often filled gaps left by the state. A number of non-partisan pre-election projects were implemented focusing on increasing civic participation. Much was accomplished in connection with decentralization of state power, communication with newly established regional self-governments and fostering of regional development. NGOs started to play an important role in Slovakia's future accession into NATO and the European Union, serving as a natural vehicle for contacting citizens and helping them understand these processes.

The issue of financial autonomy and sustainability of NGOs saw some important changes in 2002. Most importantly, the "1% Law" came into effect, which allows taxpayers to dedicate this portion of their personal income taxes to the organization of their choice. The European Union also created new opportunities for certain types

of NGOs to compete for financial support in the framework of pre-accession funds. On the downside, foreign private foundations increasingly were closing their programs, relying mostly on the newly established Trust for Civil Society in Central

and Eastern Europe as a means of continuing support to NGOs in Slovakia. Due to this difficult funding situation, NGOs had to adopt quickly new strategies, cope with serious transformation processes, and in some cases even close their operations.

LEGAL ENVIRONMENT: 2.6

LEGAL ENVIRONMENT
2002 2.6
2001 2.5
2000 2.5
1999 3.5
1998 3.5

Several initiatives took place in the area of legal and fiscal reform for NGOs in Slovakia. In December 2001, the Parliament of the Slovak Republic enacted three important acts and amendments: the new Act on Foundations, amendments to the Act on Non-profit Organizations Providing Generally Beneficial Services, and the Act on Income Tax.

The new Law on Foundations was adopted after a long and sometimes controversial discussion among NGOs. In general, it focuses on simplifying the process of registration and increasing the effectiveness of management of foundation assets. It also introduces a new Institute of Special Funds. However, this law also presents a challenge, as it states that the Law on Free Access to Information is applied to foundations in the same way as to public institutions, despite the fact that foundations are private institutions.

Amendments adopted to the Law on Non-profit Organizations is generally positive, providing changes in the definition of non-

profit organizations and also simplifying the process of registration.

The Slovak government demonstrated its willingness to create better conditions for the third sector by approving the requirements proposed by NGO representatives concerning the "1% Law" and also amending the Income Tax Law. The amendment adopted in December 2001 enables citizens to donate 1% of their paid income tax to NGOs. This law represents a fundamental change in NGO financing and communication with the public. Thanks to a well-organized NGO campaign, more than 4,000 NGOs registered as recipients of the 1% Law this year and gained approximately \$2.4 million from more than 325,000 taxpayers. While significant progress has been made, NGOs continue to seek reforms to improve their financial situation in a number of areas including: disadvantages in public procurement, and the ambiguity of legislation concerning the business activities of NGOs.

The need to increase the capacity of lawyers to deal with NGOs led to the creation of an NGO Law Clinic at the Law Faculty of Comenius University within which students will be involved in NGO consulting.

ORGANIZATIONAL CAPACITY: 1.7

Advances in the legal framework for NGOs are influencing the organizational capacity of NGOs. Many NGOs have become highly specialized, professional operations, despite the fact that the majority of

NGOs in Slovakia still operate primarily with only part-time staff or volunteers. In fact, the number of NGOs that without paid employees is growing. It is often very difficult to raise funds to pay staff and as such,

**ORGANIZATIONAL
CAPACITY**

2002	1.7
2001	1.5
2000	1.5
1999	2.0
1998	3.0

the ability to recruit qualified staff, and maintain some organizational continuity is very limited. NGOs therefore rely on the work of volunteers, ei-

ther unpaid or paid only a symbolic wage, even though the conditions for volunteering are also less than ideal. Recruitment and coordination of volunteers is requiring more effort and skills. Paid NGO staff often serve in less than official status, not entering into formal occupational relationship with NGOs, as this type of arrangement is often financially advantageous for both the individual and the NGO.

Slovak NGOs generally have clearly defined mission and incorporate strategic planning techniques in to their decision making process. This is less common with smaller NGOs which tend to act more-or-less spontaneously, with defined short-term goals. The NGO sector is well-organized in that umbrella associations, service organizations and different formal and informal platforms, coalitions and ad hoc groups exist to represent the interests of the sector. These groups usually have paid staff, at least one coordinator.

Many NGOs have modern, basic office equipment and advanced technical equipment in their offices, thanks to international donor support. Several small NGOs have equipped their offices with older technology and furniture given away by companies as in-kind gifts. Such efforts are often a part of NGO fundraising strategies.

There is little tradition of strong governing structures or boards in NGOs. However, the leading NGOs and major foundations do recognize the importance of dividing responsibilities between the board of directors, executive management and the staff. For some of these groups, the boards of directors are becoming a guarantee of transparency and credibility. In contrast, smaller NGOs have limited separation of authority and responsibility and it is not uncommon to see board members working as paid employees in the office.

NGOs generally continue to be engaged internationally in activities and programs and share their experience with countries going through similar political and societal developments. Progress has continued especially in areas of EU accession and integration of Slovakia into NATO. Regional and cross-border cooperation, especially within Visegrad countries, is growing as well.

FINANCIAL VIABILITY: 3.0

Financial sustainability continues to be a crucial question for the further development of the NGO sector in Slovakia. Many

**FINANCIAL
VIABILITY**

2002	3.0
2001	3.0
2000	3.0
1999	3.0
1998	4.0

NGOs are still significantly dependent on foreign sources, and it is clear that the level of international donor funds will be diminishing in the coming years. As a result,

grass-roots and national NGOs must develop new strategies to build constituencies and raise funds from local sources.

Since January 1, 2002 the amendment to the Act on Income Tax came into force, which enables individual taxpayers to dedicate 1% of their income tax for the support of public interest activities, including NGOs.

In the framework of pre-accession funds, the European Union has gradually created several opportunities for NGOs to compete for financial support. Once Slovakia joins the EU, further possibilities of financial support will open. However, qualifying for this type of funding will require a level of organizational and financial sophistication that many NGOs do not yet have.

The Slovak NGO sector was selected to be the first supported from the Trust for Civil Society in Central and Eastern Europe. Within this new grant mechanism created by five private American foundations, leading donors in this region in the last decade, two consortia of local grant-making foundations were selected to begin managing and distributing the Trust funds in Slovakia in 2002.

Business support for the NGO sector remains limited. In some regions, few viable businesses exist, making corporate philanthropy an unrealistic option at this time. Large, national corporations tend to support only well-known NGOs, to the exclusion of others. There is also a general trend for the private sector to support NGOs through in-kind support, due to mistrust of NGOs' ability to manage funds.

Direct financial support in the form of grants from the central government has been decreasing gradually. Remaining government support needs to be improved by making it more transparent and introducing new principles and policies guaranteeing more stable and long-term development of NGOs.

ADVOCACY: 1.6

NGOs continued to develop their ability to mobilize support and advocate for different societal or NGO specific issues. The

ADVOCACY	
2002 1.6	Council of Government of NGOs representing both NGOs and public institutions, continues in its advisory and consulting work, especially regarding NGO-related legislation. NGO representatives were also invited to join different fora, committees, and roundtables formed by public institutions, including those connected with decentralization of state power and regional development, EU accession, and integration of Slovakia into NATO.
2001 1.5	
2000 1.5	
1999 1.5	
1998 2.0	

Many NGOs exercised great effort to contact political parties on non-partisan is-

ssues, mostly in connection with their pre-election projects implemented before Parliamentary elections in September 2002. NGOs prepared 88 non-partisan pre-election projects, mobilizing young people, the rural population, Roma community, women and other groups of citizens. Relatively high voter turnout (70%) was partly a result of these NGO initiatives.

NGOs learned that creating small coalitions can be a very efficient means for achieving their goals. SocioForum, for example, succeeded in lobbying the parliament regarding specific social legislation. A separate group of NGOs was involved in advocating for the Act on the Ombudsman (December 2001) and, after its adoption, in promoting a civic candidate as the first ombudsman.

SERVICE PROVISION: 2.2

NGOs provide a wide variety of services ranging from traditional social services to expert services of think tanks offering

SERVICE PROVISION
2002 2.2
2001 2.0
2000 2.0
1999 2.0

analysis in technical areas that are often seen as the territory of the state. The third sector tends to fill the gap in services not provided by state institutions or in cases

when their quality is low and/or ineffective. In general, NGOs have been able to provide high-quality services for lower costs in comparison to state institutions. Despite the fact that NGO services are often considered to be of a high quality, the government does not tend to procure services from the NGO sector. NGOs have difficulties assessing community needs and fo-

cusing their activities accordingly. NGOs also still do not offer services demanded by the state or the private sector.

Although it is difficult to estimate the financial value of activities performed by NGOs, their contribution to the overall development of society is indisputable. Changes in the thinking of NGOs are starting to be evident. Fees for trainings, for example, which were often questioned before, are accepted today by the NGO community as a normal practice.

NGOs publish various types of brochures and publications, but rarely are able to recover costs through publication. In some cases, this is due to donor policies that do not want products they supported to be used to earn income.

INFRASTRUCTURE: 1.7

Slovak NGOs understand the importance of coalition building and facilitating communication with state and local authorities. One of the biggest coalitions of NGOs is

INFRASTRUCTURE
2002 1.7
2001 1.5
2000 1.5
1999 1.5

still the Gremium of the Third Sector (G3S) – an informal advocacy group of elected NGO leaders that

defends and pursues the interests of NGOs. A few years ago this coalition was replicated at the regional level, and now a network of seven regional G3S exist. Several other formal as well as informal coalitions have also been created gradually over the years to foster cooperation among different types of NGOs.

Several well-established NGO support organizations continue to provide a broad scope of services to NGOs, including information-sharing, capacity-building and

networking. Over the past few years, several forms of cross-sectoral partnerships have begun to emerge. In particular, very powerful partnerships have arisen on the regional level, where NGOs are mostly involved in development programs and are perceived as positive agents by the local communities.

The further development of infrastructure organizations depends on the availability of financial resources. Many of these groups are generally funded by foreign sources, and as such, are financially vulnerable. For many of them it will be very difficult to change the nature of their cash flow to one based on fees for services and contracts with public institutions, as opposed to reliance on grants. Infrastructure organizations also need to work on their internal capacity to enable them to specialize further on priority issues for the NGO community.

PUBLIC IMAGE: 1.8

PUBLIC IMAGE
2002 1.8
2001 1.5
2000 1.5
1999 1.0
1998 1.5

As a result of its humanitarian and charity work, struggle for justice, emphasis on democratic values, and ability to mobilize citizens, the NGO sector has gradually become a more accepted component of Slovak society. In particular, citizens consider NGOs working in health/social care and education as the most “useful”.

The government is generally supportive of NGO efforts, which is demonstrated by the recent NGO-friendly legislation passed by Parliament. Comments and arguments from NGO experts on different issues, such as environmental protection, regional development, education and social affairs, are broadly supported by the public and even the government, in some instances.

Media coverage of the third sector has been quite broad. Several pre-election projects involved national TV and national and regional radio stations and were received positively by the public. In addition, the public has generally shown its interest in NGOs by supporting the 1% campaign.

This generally positive image of NGOs is tempered by scandals involving individual NGOs and certain negative trends. For example, after the parliamentary elections, some NGOs were accused of abusing the pre-election campaign for their own enrichment. Additionally, some businesses have established their own foundations to improve their corporate image, which potentially threatens the positive reputation of other foundations as their performance and use of funds is not always transparent.